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# HOUSE BILL No. 1392

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-24; IC 6-3.1-25; IC 22-4.1-7.

**Synopsis:** Job skills training expenses tax credit. Requires the department of workforce development (department) to adopt rules for (1) certifying job skills training programs; and (2) certifying that a particular job skills training program is related to particular career fields or job classifications. Provides to a qualified employer a nonrefundable state tax liability credit equal to 10% of expenditures made for job skills training programs on behalf of its employees. Provides to an individual taxpayer a refundable state tax liability credit equal to the lesser of: (1) \$250; or (2) 25% of fees or tuition paid by the individual for job skills training programs; if the expenses paid are not reimbursed by the individual's employer. Requires an individual to submit proof that a job skills training program is related to the individual's career field or job classification, as determined by the department, in order to claim the credit.

**Effective:** Upon passage; January 1, 2003.

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## Scholer, Bosma

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January 15, 2002, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## HOUSE BILL No. 1392

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2003]:

4       **Chapter 24. Certified Job Skills Training Program Employer**  
5 **Credit**

6       **Sec. 1.** As used in this chapter, "certified job skills training  
7 program" means a job skills training program certified by the  
8 department of workforce development under IC 22-4.1-7.

9       **Sec. 2.** As used in this chapter, "pass through entity" means:

10       (1) a corporation that is exempt from the adjusted gross  
11 income tax under IC 6-3-2-2.8(2);

12       (2) a partnership;

13       (3) a limited liability company; or

14       (4) a limited liability partnership.

15       **Sec. 3.** As used in this chapter, "qualified employer" means a  
16 person, corporation, or pass through entity that pays an average  
17 hourly wage that exceeds one hundred fifty percent (150%) of the

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1 federal minimum wage.

2 Sec. 4. As used in this chapter, "state tax liability" means a  
3 taxpayer's total tax liability that is incurred under:

- 4 (1) IC 6-2.1 (gross income tax);
- 5 (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- 6 (3) IC 6-3-8 (supplemental net income tax);
- 7 (4) IC 6-5-10 (bank tax);
- 8 (5) IC 6-5-11 (savings and loan association tax);
- 9 (6) IC 6-5.5 (financial institutions tax); and
- 10 (7) IC 27-1-18-2 (insurance premiums tax);

11 as computed after the application of the credits that under  
12 IC 6-3.1-1-2 are to be applied before the credit provided by this  
13 chapter.

14 Sec. 5. As used in this chapter, "training program expenditures"  
15 means expenses incurred by a qualified employer for any of the  
16 following:

- 17 (1) Sponsoring or co-sponsoring a certified job skills training  
18 program that it provides to its employees, to the extent the  
19 expenses are incurred in providing the training to its  
20 employees and not to other program participants, and  
21 including any fees or revenue lost by providing the program  
22 to its employees at no cost or a reduced cost.
- 23 (2) Reimbursing an employee for participation in a certified  
24 job skills training program not sponsored or co-sponsored by  
25 the qualified employer.

26 Sec. 6. A qualified employer is entitled to a credit against the  
27 qualified employer's state tax liability for training program  
28 expenditures made by the qualified employer in a taxable year. The  
29 amount of the credit is equal to the qualified employer's training  
30 program expenditures in the taxable year multiplied by ten percent  
31 (10%).

32 Sec. 7. (a) If the amount determined under section 6 of this  
33 chapter for a qualified employer in a taxable year exceeds the  
34 qualified employer's state tax liability for that taxable year, the  
35 qualified employer may carry the excess over to the following  
36 taxable years. The amount of the credit carryover from a taxable  
37 year shall be reduced to the extent that the carryover is used by the  
38 qualified employer to obtain a credit under this chapter for any  
39 subsequent taxable year. A qualified employer is not entitled to a  
40 carryback.

41 (b) A qualified employer is not entitled to a refund of any  
42 unused credit.



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1        **Sec. 8.** If a qualified employer is a pass through entity that does  
 2 not have state income tax liability against which the tax credit may  
 3 be applied, a shareholder or partner of the pass through entity is  
 4 entitled to a tax credit equal to:

5            (1) the tax credit determined for the pass through entity for  
 6 the taxable year; multiplied by

7            (2) the percentage of the pass through entity's distributive  
 8 income to which the shareholder or partner is entitled.

9        **Sec. 9.** To receive the credit provided by this chapter, a qualified  
 10 employer must claim the credit on the qualified employer's state  
 11 tax return in the manner prescribed by the department. The  
 12 qualified employer must submit to the department proof of  
 13 payment of the training program expenditures, proof that the  
 14 expenditures were for job skills training programs certified by the  
 15 department of workforce development under IC 22-4.1-7, and all  
 16 information that the department determines is necessary for the  
 17 calculation of the credit provided by this chapter.

18        SECTION 2. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE  
 19 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 20 JANUARY 1, 2003]:

21        **Chapter 25. Certified Job Skills Training Program Individual**  
 22 **Credit**

23        **Sec. 1.** As used in this chapter, "certified job skills training  
 24 program" means a job skills training program certified by the  
 25 department of workforce development under IC 22-4.1-7.

26        **Sec. 2.** As used in this chapter, "state tax liability" means a  
 27 taxpayer's total tax liability incurred under IC 6-3-1 through  
 28 IC 6-3-7 (the adjusted gross income tax) as computed after the  
 29 application of all credits that under IC 6-3.1-1-2 are to be applied  
 30 before the credit provided by this chapter.

31        **Sec. 3.** As used in this chapter, "taxpayer" means any individual  
 32 that has any state tax liability.

33        **Sec. 4.** As used in this chapter, "training program expenditures"  
 34 means expenses incurred by the taxpayer for fees or tuition that  
 35 are:

36            (1) paid by the taxpayer for participation in a certified job  
 37 skills training program that relates to the taxpayer's career  
 38 field or job classification, as determined by the department of  
 39 workforce development under rules adopted under  
 40 IC 22-4.1-7-4(a)(2); and

41            (2) not reimbursed or otherwise covered by the taxpayer's  
 42 employer.



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1       **Sec. 5. A taxpayer is entitled to a credit against the taxpayer's**  
 2 **state tax liability for training program expenditures made by the**  
 3 **taxpayer in a taxable year. The amount of the credit is equal to the**  
 4 **lesser of:**

- 5           **(1) the taxpayer's training program expenditures in the**  
 6 **taxable year multiplied by twenty-five percent (25%); or**  
 7 **(2) two hundred fifty dollars (\$250).**

8 **If a husband and wife file a joint income tax return and each**  
 9 **spouse is eligible for the credit during a taxable year, the amount**  
 10 **of the credit that may be claimed on the joint return is equal to the**  
 11 **amount of the credit the husband is entitled to under this**  
 12 **subsection plus the amount of the credit the wife is entitled to**  
 13 **under this subsection.**

14       **Sec. 6. (a) If the amount determined under section 5 of this**  
 15 **chapter for a taxpayer in a taxable year exceeds the taxpayer's**  
 16 **state tax liability for that taxable year, the taxpayer may carry the**  
 17 **excess over to the following taxable years. The amount of the credit**  
 18 **carryover from a taxable year shall be reduced to the extent that**  
 19 **the carryover is used by the taxpayer to obtain a credit under this**  
 20 **chapter for any subsequent taxable year. A taxpayer is not entitled**  
 21 **to a carryback.**

22       **(b) A taxpayer is entitled to a refund of any unused credit.**

23       **Sec. 7. To receive the credit provided by this chapter, a taxpayer**  
 24 **must claim the credit on the taxpayer's state tax return in the**  
 25 **manner prescribed by the department. The taxpayer must submit**  
 26 **to the department:**

- 27           **(1) proof of payment of the training program expenditures;**  
 28 **(2) proof that the expenditures were for job skills training**  
 29 **programs:**

30           **(A) certified by the department of workforce development**  
 31 **under IC 22-4.1-7; and**

32           **(B) related to the taxpayer's career field or job**  
 33 **classification, as determined by the department of**  
 34 **workforce development under rules adopted under**  
 35 **IC 22-4.1-7; and**

- 36           **(3) all information that the department determines is**  
 37 **necessary for the calculation of the credit provided by this**  
 38 **chapter.**

39       **SECTION 3. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE**  
 40 **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**  
 41 **UPON PASSAGE]:**

42       **Chapter 7. Job Skills Training Program Certification**

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1       Sec. 1. As used in the chapter, "job skills training program"  
2 means a course or program designed to:

3       (1) develop, enhance, or upgrade basic workforce skills of an  
4 employee, including:

5       (A) literacy;

6       (B) communication skills;

7       (C) computational skills; or

8       (D) other transferable workforce skills; or

9       (2) develop, enhance, or upgrade advanced, specialized, or  
10 industry specific skills of an employee that are directly related  
11 to the employee's job or career.

12       Sec. 2. As used in this chapter, "person" means any individual,  
13 corporation, limited liability company, partnership, firm,  
14 association, public or private agency, educational institution, or  
15 other organization.

16       Sec. 3. As used in this chapter, "sponsor" means a person  
17 operating a job skills training program and in whose name the  
18 program is registered or approved.

19       Sec. 4. (a) The department shall adopt rules under IC 4-22-2 to  
20 establish standards for:

21       (1) certifying job skills training programs in Indiana; and

22       (2) certifying that a job skills training program is related to  
23 particular career fields or job classifications, for purposes of  
24 allowing employees to claim a credit against state tax liability  
25 under IC 6-3.1-25.

26       (b) The rules adopted by the department under subsection (a)  
27 must require as a condition for certification under this chapter that  
28 a job skills training program be conducted under an organized,  
29 written plan that describes the following:

30       (1) The nature of the training, instruction, or other curricula  
31 to be provided to program participants.

32       (2) The career fields or job classifications to which the  
33 training relates, to allow the department to make the  
34 certification required under subsection (a)(2).

35       (3) The duration of the training.

36       (4) Any certification, license, or degree that a participant may  
37 earn through completion of the program and the specific  
38 requirements for the certification, license, or degree.

39       (5) Any fees or tuition to be charged for the program.

40       (6) The sponsor's experience in conducting the program or  
41 other job skills training programs.

42       (c) The rules adopted by the commission under subsection (a)

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may include:

- (1) a requirement that the sponsor of a job training program be certified by, accredited by, or otherwise in good standing with an appropriate accrediting body;
- (2) minimum requirements, including the payment of any certification fees, for initial certification under this chapter after June 30, 2002;
- (3) requirements for renewing a certification first issued under this chapter after June 30, 2002, including the payment of any renewal fees; or
- (4) any other requirement that the department considers appropriate.

**Sec. 5.** The sponsor of a job skills training program who seeks certification under this chapter shall apply to the department for certification on forms prescribed by the department.

**SECTION 4.** [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "department" refers to the department of workforce development established by IC 22-4.1-2-1.

(b) As used in this SECTION, "job skills training program" has the meaning set forth in IC 22-4.1-7-1, as added by this act.

(c) Notwithstanding IC 22-4.1-7-4, as added by this act, the department shall adopt rules under IC 4-22-2 to establish standards for:

- (1) certifying job skills training programs in Indiana; and
- (2) certifying that a job skills training program is related to particular career fields or job classifications, for purposes of allowing employees to claim a credit against state tax liability under IC 6-3.1-25, as added by this act;

as required under IC 22-4.1-7-4, as added by this act, not later than December 31, 2002.

(d) This SECTION expires January 1, 2004.

**SECTION 5.** [EFFECTIVE JANUARY 1, 2003] IC 6-3.1-24 and IC 6-3.1-25, both as added by this act, apply to taxable years beginning after December 31, 2002.

**SECTION 6.** An emergency is declared for this act.

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